

Amendment Summary: **Fairness in Farm and Food Policy Amendment**

This week, the House will be asked to extend a farm bill that will funnel billions of dollars in taxpayers' money to the same narrow group of the largest subsidized farms in a handful of House districts. It is a bill that will continue to do too little to feed the hungry, help the environment, promote healthy food choices, reduce the deficit, or comply with our international obligations. If passed, more than half of all farm spending would continue to flow to just 20 congressional districts for the next five years.

This amendment to be offered by a bipartisan group of legislators will take the first steps to put America on a new course for family farm and food policy. It will provide a more reliable safety net for America's family farmers at less cost to the taxpayer. It will reflect the priorities of a new America by providing new resources to address our country's hunger, health, environmental and fiscal priorities. It would provide risk management tools as modern and entrepreneurial as our farmers.

Title I – Commodities

Sec. Direct Payments

This section gradually reduces direct payments, which were created to wean farmers off subsidies in 1996, but which have become an entitlement program that will cost more than \$26 billion over five years. Limited resource farmers would be exempted from cuts and this section would produce savings of at least \$7 billion over five years.

<i>Revised Direct Payment Rates with Percentage of the Existing Rate</i>										
<i>Commodity</i>	<i>2008 Rate</i>		<i>2009 Rate</i>		<i>2010 Rate</i>		<i>2011 Rate</i>		<i>2012 Rate</i>	
Corn (\$/bu)	0.140	50%	0.126	45%	0.112	40%	0.098	35%	0.084	30%
Soybeans (\$/bu)	0.220	50%	0.198	45%	0.176	40%	0.154	35%	0.132	30%
Upland Cotton (\$/lb)	0.047	70%	0.043	65%	0.040	60%	0.037	55%	0.033	50%
Rice (\$/cwt)	1.645	70%	1.528	65%	1.410	60%	1.293	55%	1.175	50%
Peanuts (\$/ton)	25.20	70%	23.40	65%	21.60	60%	19.80	55%	18.00	50%
Sorghum (\$/bu)	0.245	70%	0.228	65%	0.210	60%	0.193	55%	0.175	50%
Barley (\$/bu)	0.168	70%	0.156	65%	0.144	60%	0.132	55%	0.120	50%
Wheat (\$/bu)	0.520	100%	0.520	100%	0.520	100%	0.494	95%	0.468	90%
Oats (\$/bu)	0.024	100%	0.024	100%	0.024	100%	0.023	95%	0.022	90%
Other Oilseeds (\$/lb)	0.008	100%	0.008	100%	0.008	100%	0.008	95%	0.007	90%

* pre CBO score

Sec. Conservation Enhanced Payment Option

This section provides a farmer a larger direct payment provided that he meets the minimum eligibility standards of the Conservation Security Program.

Sec. Counter-Cyclical Payments

This section replaces depression-era price guarantees with a modern revenue-based safety net developed by USDA experts that better protects family farmers from declines in crop prices and crop yields and produces net savings of \$1 billion over five years.

Sec. Marketing Assistance Loans and Loan Deficiency Payments

This section sets loan rates at either 85 percent of the 5-year average of market prices, or the loan rates set in the House-passed version of the 2002 Farm Bill.

Sec. Sugar Program

This section maintains the marketing loan rate for sugar from the 2002 Farm Bill and eliminates amendments that would make sugar more expensive for American consumers and food processors.

Subtitle Dairy

Sec. Creation of Federal Dairy Commission

This section creates a Federal Dairy Commission with federal, state, producer, processor and other representation to evaluate U.S. and European dairy programs and make recommendations on policy changes that would enhance American competitiveness, the safety net for American dairy farmers, simplify operations of dairy programs and other goals.

Subtitle Commodity Payment Limits

Sec. Payment Limit Cap

This section creates meaningful annual payment limits for commodity programs, including a limit of \$20,000 per entity on direct payments compared to \$60,000 in H.R. 2419, a limit of \$30,000 per entity on counter-cyclical payments compared to \$30,000 in H.R. 2419 and a combined marketing loan, LDP, and Commodity Certificate limit of \$75,000 per entity.

Sec. Limit Payments to Active Farmers

This section limits commodity payments to individuals actively engaged in farming.

Sec. Schemes or Devices

This section withholds payments for six years for individuals and entities convicted of fraud in evading payment limits.

Sec. Ineligibility of Foreign Entities for Subsidies

This section prevents foreign individuals and entities from receiving crop subsidies.

Sec. Adjusted Gross Income (AGI) Cap

This section denies subsidies to large commercial farmers with average annual adjusted gross income greater than \$250,000.

Sec. Regulations

This section allows the Secretary of Agriculture to promulgate regulations necessary to implement these sections.

Subtitle Optional Risk Management Accounts

Sec. Voluntary creation of farmer-held accounts that help manage risk

This section creates optional Risk Management Accounts that would be available to every eligible subsidized and non-subsidized farmer, dairy and rancher and would work in concert with crop and revenue insurance already held by approximately 80 percent of producers. Operators can make voluntary contributions of up to \$5,000 per year. Producers who are eligible for Direct Payments would receive an additional matching government contribution equal to 5 percent of what the operator contributes to their account. This section also specifies that producers could withdraw from their available balance to supplement their income in years when their gross revenue falls below 95 percent of their rolling 5-year average gross revenue, to invest in a rural enterprise, to maintain solvency, purchase revenue or crop insurance, or on retirement.

TITLE II —CONSERVATION

The amendment increases voluntary stewardship incentives by \$3 billion over five years above the Committee's proposal.

Sec. Allowing Enrollments in the Conservation Security Program (CSP)

This section re-opens enrollments in the Conservation Security Program, moving the first year of new enrollments from 2012 in H.R. 2419 to 2009, rewarding good stewardship by farmers on a nationwide basis.

Sec. Grassland Reserve Program

This section expands enrollment in the Grassland Reserve Program, which funds conservation easements and long-term agreements through which producers protect rangeland, pasture and grassland from development and subdivision, from 2 million acres in H.R. 2419 to 5 million acres and provides additional mandatory funding for the program.

Sec. Chesapeake Bay Program for Nutrient Reduction and Sediment Control

This section increases 5-year funding from \$150 million to \$300 million for restoration projects in five states to improve Chesapeake Bay water quality by reducing nutrient and sediment entering the Bay.

Sec. Protect and Restore Community Forests

This section establishes the Community Forests and Open Space Conservation Program and provides \$50 million in mandatory funding over 5 years for the program.

Sec. Increased funding for Environmental Quality Incentives Program (EQIP)

This section increases funding in 2008-2011 for EQIP by \$700 million over H.R. 2419 to provide cost-share for farmers, ranchers, and forest landowners to improve the stewardship of natural resources on their land.

Sec. Expand wildlife habitat restoration

This section increases funding for the Wildlife Habitat Incentives Program (WHIP) by \$200 million over 5 years over the funding levels provided by H. R. 2419.

TITLE III – TRADE

MCGOVERN-DOLE INTERNATIONAL FOOD PROGRAM

Sec. Expand school lunches and maternal nutrition overseas

This section increases by \$1.1 billion over five years the McGovern-Dole International Food Program to provide school lunches, support education, child development, maternal nutrition projects and food security for some of the world's poorest children.

TITLE IV - NUTRITION

The amendment increases hunger assistance by at least \$5.4 billion over five years for domestic hunger assistance programs to feed more deserving people, especially hungry children and seniors

Sec. Exclusion of combat-related military pay from countable income

This section would exclude combat-related military pay from food stamp income calculations for families of military personnel. This would ensure that low-income households with an adult deployed to a combat zone would not see their food stamp benefits go down because of an increase in household income resulting from combat pay.

Sec. Strengthening the food purchasing power of low-income Americans

When applying for food stamp benefits, households may subtract a standard deduction from their income to reflect the cost of non-food essentials such as housing and transportation. Prior to 1996, the standard deduction was indexed to inflation, since basic living expenses rise with inflation. This section would raise the standard deduction for 2008 and index it for inflation each year thereafter. This would stop the erosion of food stamps' purchasing power and make up some of the ground lost since 1996.

Sec. Supporting working families with child care expenses

For low-income working families who have preschool or young school-age children, access to child care is a critical support for finding and keeping employment. The food stamp benefit formula allows families to deduct some of their child care expenses from their income to reflect the fact that they have less money available to purchase food. Under current law, this deduction is capped at \$175 per month (\$200 for infants), despite the fact that the national average cost of child care is \$631 dollars per month. This section would eliminate the cap on the amount that a household is allowed to deduct for child care.

Sec. Adjusting Countable Resources for Inflation

The food stamp asset limit (\$2000 for most households, \$3000 for households with members who are elderly or disabled) has not been adjusted for inflation for most households since it was set in 1986. This section would index the asset limits to inflation to stop further erosion in their value.

Sec. Excluding education accounts from countable income

This section would exclude certain education savings accounts (such as 529 plans) from countable income in determining a household's eligibility for the Food Stamp Program, thereby removing the unintended effect of the Food Stamp Program to act as a disincentive for saving for education.

Sec. Excluding retirement accounts from countable income

This section would exclude certain retirement savings accounts from countable financial resources in determining a household's eligibility for the Food Stamp Program. As a result, working families that fall on hard times would not have to spend down their retirement savings before being able to access food assistance. Current policy forces families to choose between hardship when they lose their job and a higher risk of poverty in their old age.

Sec. Increasing the minimum benefit

This section would make the minimum monthly benefit a percentage of the Thrifty Food Plan, USDA's calculation of the cost of a minimally adequate diet. Because the Thrifty Food Plan adjusts annually with inflation, the minimum monthly benefit would adjust also, thereby stopping annual benefit erosion. The minimum monthly food stamp benefit for which a household can qualify is \$10 per month and has not been adjusted for inflation since 1974.

Sec. The Emergency Food Assistance Program (TEFAP)

The Emergency Food Assistance Program (TEFAP) provides commodities to food banks, which then distribute food to individuals with short-term, emergency food needs. This section would increase annual commodity purchases from \$140 million to \$250 million for 2008, with annual increases indexed to inflation for subsequent years.

Sec. Fruit and Vegetable Nutrition Promotion Program

This section establishes a \$15 million grant program to provide assistance to organizations in order to increase fruit and vegetable consumption in the United States to meet USDA dietary guidelines.

Sec. Community Food Projects

This section increases from \$5 million to \$30 million the amount of funds available per year for Community Food Project grants. These grants increase community food security by bringing the local food system together to assess strengths and establish linkages.

Community food projects increase access of low-income households to fresher, more nutritious food supplies; increase self-reliance of communities in providing for their own food needs; and promote comprehensive responses to local food, farm, and nutrition issues.

Sec. Fresh Fruit and Vegetable Program

The Fresh Fruit and Vegetable Program provides fresh fruits and vegetables and dried fruits free to children in elementary and secondary schools. The program currently operates in 14 states. This section would increase program funding from \$9 million to \$100 million to allow the program to operate in all 50 states

Sec. Hunger-Free Communities Program

Establishes the Hunger-Free Communities Program to empower local anti-hunger groups working to reduce hunger in their communities. Authorizes up to \$50 million annually for a two-part grant program that provides resources to groups working in collaboration to assess, plan, and coordinate local efforts to eliminate hunger in their community. This section would also require the Secretary of Agriculture to conduct a study of matters relating to the problem of hunger and issue recommendations for reducing domestic hunger.

Sec. Seniors Farmers' Market Nutrition Program

Increases from \$15 million to \$30 million the amount of funds available per year for program that provides fresh, locally grown fruits and vegetables to low-income seniors. This section also authorizes the program at \$100 million per year to allow for program expansion as funds are made available through the appropriations process.

Sec. Grants For Local Farmers and Community Farming

This section creates a grant program to promote community supported agriculture. These grants would help local farmers grow food to be sold locally and emphasizes underserved areas and areas with a high rate of hunger, obesity, or persistent poverty. Authorizes up to \$51 million annually for the three-part grant program.

Title V -- Rural Development

Sec. Rural Entrepreneur and Microenterprise Assistance Program

This section establishes a program providing low and moderate income individuals in rural areas with the financial and technical support needed to start or operate a small business. This program is funded at \$50 million in annual mandatory spending.

Sec. Value-Added Market Development Program

This section provides \$50 million annually in mandatory spending to businesses applying value-added processes to agricultural products and sets aside 15% for beginning or socially disadvantaged farmers and ranchers.

Sec. Healthy Food Enterprise Development Program

This section creates a program authorizing up to \$2,500,000 annually for loan and loan guarantees to help develop value-added processes to locally produced agricultural products.

Title VI – RESEARCH

Sec. Organic research

This section creates mandatory annual funding of \$25 million, versus only an authorization in H.R. 2419, for research to improve organic production and crops.

Sec. Specialty crop research

This section creates mandatory annual funding of \$100 million, versus only an authorization in H.R. 2419, for research to improve specialty crop production and crops.

Sec. Animal health and disease research program

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This section includes 1890 Institutions in the Children, Youth and Families Education and Research Network, the Animal Health and Disease Research Program under 7 U.S.C. 3196(b), and forestry research under the McIntire-Stennis Cooperative Forestry Act.

Title VII – FORESTRY

Sec. Funding for Healthy Forest Reserve Program

This section provides mandatory annual funding of \$25 million for the Healthy Forests Reserve Program, which provides funds to protect and restore forest lands that benefit rare species and sequester carbon.

Title VIII – ENERGY

Sec. Voluntary Renewable Fuels Certification Program

This section creates a program through which producers can have renewable fuels certified that meets sustainable growing standards designed to reduce greenhouse gases, protect wildlife habitat, and protect air, soil and water quality.

Title IX – Horticulture and Organic

Sec. Pesticides Recordkeeping

This section requires commercial and private pesticide applicators to maintain records of pesticide application on production acres and to provide records to health care personnel, agricultural workers, and researchers. It also provides \$5 million for the Centers for Disease Control to support research on risks of cancer or birth defects among farm workers and their children, \$5 million for USDA to research alternatives to agricultural pesticides that have been associated with negative health effects, as well as \$7 million to fund EPA research to determine when pesticide-treated fields are safe to reenter.

Sec. National Organic Certification Cost Share Program

This section provides \$3 million more funding than H.R. 2419 for this program to help farmers transition from convention to organic production.

Sec. Organic Transition and Technical and Educational Assistance

This section creates a new program to provide cost share and incentive payments on farmers transitioning to organic production with mandatory funding of \$50 million.

Sec. Specialty Crop Block Grants

This section provides \$250 million more funding than H.R. 2419 for this program.

Sec. Farmers Market Promotion Program

This section provides \$65 million more funding than H.R. 2419 for the development of farmers markets and other direct markets that link farmers with consumers and to support the use of EBT at farmers markets.

TITLE X – MISCELLANEOUS

Subtitle A – Crop Insurance

Sec. Share of Risk

This section requires reinsured companies to cede back to the Federal Crop Insurance Corporation 30 percent of their cumulative underwriting gains or losses.

Sec. Reducing Crop Insurance Program Costs

This section lowers the administration and operating subsidy provided to insurance companies to 15 percent of the premium.

Subtitle B – Socially Disadvantaged Producers and Limited Resource Producers

Sec. Expanding outreach and technical assistance

This section provides \$175 million more than H.R. 2419 for outreach to and technical assistance for socially disadvantaged farmers and ranchers. It also removes the matching funding requirement for grants under this section.

Sec. Moratorium on foreclosures

This section imposes a moratorium on foreclosures on farm owned by socially-disadvantaged farmers or ranchers while a newly created Moratorium Commission investigates the causes for foreclosure.

Sec. Socially Disadvantaged Farmers and Ranchers Moratorium Commission

This section creates a Moratorium Commission to investigate the causes of foreclosure to determine whether government actions contributed to foreclosure and other purposes.

Sec. Socially Disadvantaged Producers Access Program

This section creates a new program to improve the access of socially disadvantaged farmers and ranchers to programs and services of USDA and provide grants to help them manage risks to their operations.